

# HOUSE BILL REPORT

## HB 1995

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### As Reported by House Committee On:

Education

**Title:** An act relating to school districts' property.

**Brief Description:** Changing the disposition of proceeds from the lease, rental, or sale of school district real property.

**Sponsors:** Representative Quall.

### Brief History:

#### Committee Activity:

Education: 1/22/04, 1/28/04 [DPS].

#### Brief Summary of Substitute Bill

- Permits school districts to deposit income from the rental or lease of surplus real property into the district's general fund to be used for nonrecurring facilities costs, including maintenance.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Quall, Chair; McDermott, Vice Chair; Talcott, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Anderson, Cox, Haigh, Hunter, McMahan and Rockefeller.

**Staff:** Susan Morrissey (786-7111).

### Background:

School districts may rent or lease surplus district property and may sell any real property of the district that is no longer required for school purposes.

Revenues derived from the rental or sale of the district real property must first be deposited in the district's general fund to recover any costs associated with the rental or sale of that property. Any additional revenue must then be deposited in either the district's debt service fund and/or the district's capital projects fund.

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**Summary of Substitute Bill:**

After evaluating whether a school district's capital projects fund has enough money to meet the district's demand for new construction and improvements, a school district may deposit any additional revenues from the rental or lease of surplus real property into the district's general fund. The money may be used exclusively for nonrecurring costs related to the operation of school facilities, including, but not limited to, maintenance.

**Substitute Bill Compared to Original Bill:**

Specific reference to using the money for utilities and custodial services is removed, money derived from the occasional use or sale of real property is not included, and the bill is restructured.

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**Appropriation:** None.**Fiscal Note:** Not requested.**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** School districts face a challenge in making state and local levy funds cover all the costs of running district schools. Funding for facility maintenance often ends up lower on the priority list than money needed in the classroom. This legislation would give districts another tool to repair and maintain district facilities. The legislation was proposed last year, and as a result of the questions and issues raised by the Legislature, the legislation has been focused and narrowed to permit only money from rents and leases to be used to solve nonrecurring maintenance problems. For example, a boiler exploded in a Tacoma school recently. This legislation would allow the Tacoma school district to repair or replace the boiler using money the district has received from renting out schools and playfields to the community when the facilities aren't needed during the summer or after school. It would only be available if districts did not need the money for capital projects.

**Testimony Against:** None.**Persons Testifying:** (In support) Representative Quall, prime sponsor; Charlie Brown, King County School Coalition; and Dan Vaught, Northshore School District.**Persons Signed In To Testify But Not Testifying:** None.